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IN THE

Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-973

DUNLOP CO., Limited,
Petitioner,
vs.
KELSEY-HAYES Co.,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

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COUNTERSTATEMENT OF QUESTIONS PRESENTED

Petitioner (hereinafter called "Dunlop") listed five separate questions for consideration by this Court. Respondent (hereinafter called "Kelsey-Hayes") submits, however, that Dunlop has raised only two basic issues:

1. Whether the record supports the findings of the District Court that the prior Goodyear brakes (which were admittedly of the construction called for in the '516 patent claims) were either "known or used by others" or "in public use or on sale" or embodied an "invention made in this country by another" under 35 U.S.C. Section 102 as heretofore applied by the Courts.

2. Whether the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381 et seq.) requires a wholly new interpretation of 35 U.S.C. Section 102 as it relates to inventions intended for use on motor vehicles.

SUPPLEMENTAL STATEMENT OF THE CASE

This case was tried on Dunlop's charge of infringement of four patents relating to disc brakes and Kelsey-Hayes' counterclaim based on Dunlop's violation of the anti-trust laws. The District Court held three of the patents to be invalid and not infringed and one patent to be valid but not infringed. Dunlop appealed only as to two of the patents, with the result that the District Court was affirmed in all respects by the Sixth Circuit Court of Appeals. Dunlop now seeks certiorari only with respect to the holding of invalidity of its U. S. Patent No. 2,790,516 (the '516 patent). Kelsey-Hayes has filed a petition for a writ of

certiorari to review the Sixth Circuit Court of Appeals affirmance of the District Court's denial of its anti-trust counterclaim and affirmative defense based on anti-trust violations.

The holding of invalidity of the '516 patent in suit was based on various activities of the Goodyear Tire and Rubber Company and its licensor Jesse Hawley, which have been collectively termed the "Goodyear activity" or the "Goodyear evidence". Dunlop has repeatedly characterized the prior Goodyear activity as "experimental", "abandoned" and "incomplete". Dunlop's entire position is, in fact, based on these allegations. Yet the findings of the District Court and the overwhelming preponderence of the evidence are to the contrary. Under the circumstances, it is appropriate to summarize the Goodyear evidence which invalidates Dunlop's '516 patent.

Goodyear Tire and Rubber Company was a major supplier of aircraft disc brakes during World War II. In 1943 it entered into a license agreement with a disc brake designer named Jesse Hawley relating to certain disc brake designs for use on aircraft. Subsequently, Hawley designed and constructed a fixed caliper disc brake for non-aircraft use and installed this brake on a 1941 Ford automobile he owned. Goodyear then entered into a second

agreement (App. 288)* with Hawley by which Hawley licensed Goodyear under all of his disc brake designs for non-aircraft use. This second agreement conveyed title to Hawley's 1941 Ford to Goodyear. Goodyear prepared engineering drawings of the disc brake which Hawley had designed and installed on his 1941 Ford and gave this disc brake the designation PD-1009-F. Hawley himself became a consultant to Goodyear and was still so engaged when the testimony of the Goodyear witnesses was taken.

In addition to the PD-1009-F passenger car brakes, Goodyear designed, manufactured and sold three additional models of disc brakes which were patterned after Hawley's basic PD-1009-F design. These additional disc brakes included a radar trailer brake designated PD-1018-1 (App. 355), a helicopter rotor brake designated PD-457 (App. 356) and a wind tunnel brake designated PD-1055-2 (App. 357). Engineering drawings, photographs and sales records relating to each of these three brakes were introduced into evidence. The radar trailer brake was sold to Brooks & Perkins and Visioneering Corporation who were subcontractors to Bell Telephone Laboratories under a government contract. The helicopter rotor brake

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* The abbreviation App. refers to the Joint Appendix to the Appeals Briefs in the Sixth Circuit Court of Appeals

was sold to Sikorsky Helicopter and the wind tunnel brake was sold to United Aircraft Corporation. The various documentary evidence was duly authenticated by present and former employees of Goodyear, Bell Telephone Laboratories, Brooks & Perkins (a subcontractor to Bell Labs), Sikorsky Helicopter and United Aircraft.

There is no question that all of these Goodyear disc brakes fully respond to the claims of Dunlop's '516 patent. There is also no question that all of the Goodyear activity occurred early enough to anticipate Dunlop under 35 U.S.C. 102. Dunlop only attacks the Goodyear (and Hawley) activity on the grounds that the Goodyear (and Hawley) brakes were not tested sufficiently or shown to be sufficiently trouble free under all possible uses to be given recognition under 35 U.S.C. 102.

The 1941 "Hawley" Ford with PD-1009-F brakes was driven and found to brake satisfactorily by numerous witnesses: Zimmerman (App. 283, p. 16), Halseman (App. 289, pp. 4, 5), Chamberlain (App. 284, p. 5) and Bricker (App. 285, p. 13). It was also placed in the service fleet at Goodyear where it performed satisfactorily. Eventually this car was sold by Goodyear. Additional brakes of the PD-1009-F design were built by Goodyear and installed on a 1946 Ford and on other makes of cars. These additional PD-1009-F brakes were demonstrated to Chrysler, Ford,

Willys and other potential customers (App. 285, p. 6; App. 283, p. 5; App. 289, pp. 4, 5). The brake was also used on Akron, Ohio taxi cabs (App. 289, pp. 4, 5).

Mr. G. G. Smith of Bell Telephone Laboratories was present during the testing of the radar trailer brakes and testified as to the satisfactory performance of the brakes (App. 295, pp. 6-8 & 19; App. 257, p. 198). Mr. D. A. Beck, a former employee of Brooks & Perkins, which built one of the radar trailers for Bell Labs, also testified as to the satisfactory performance of the brakes (TR 752-763, 765-767).

The wind tunnel brake was used by United Aircraft Corporation for almost one and one-half years after which the disc failed because of defective workmanship in machining it (App. 330). United Aircraft records established the date of installation of this brake and the period of its satisfactory usage (App. 307, pp. 12, 17 & 20; App. 336, pp. 7, 9 & 19; App. 335).

Eventually Goodyear made the decision (for commercial rather than technical reasons) not to pursue automotive sales of the Hawley disc brake. However, it continued to sell the brake for non-automotive applications. In fact Mr. Bricker of Goodyear testified that an updated version of the PD-457 brake was still being sold at the time his deposition was taken.

Kelsey-Hayes took a sublicense under the '516 patent in suit from Bendix Corporation (then the exclusive licensee of this patent), but it was only a matter of several weeks after entering into this sublicense, that Kelsey-Hayes learned of the Goodyear activity. This discovery led to a thorough investigation of the Goodyear evidence by both parties with the result that the General Manager of Dunlop's brake division wrote Kelsey-Hayes as follows:

> "The reports from our attorneys are in fact very much as we expected them to be. Considerable doubt is expressed as to the validity of No. 2,790,516 in view of the Goodyear disclosures. However, it also seems the case that most of the evidence on which an opponent might have to rely has been destroyed or is no longer available and whilst we think that we would be reluctant to litigate this patent we would not like you to assume that in no circumstances would we fail to do so. On the contrary it could well be of advantage to us, commercially, to start an action for infringement."

While the parties continued to negotiate in an effort to find some mutually acceptable grounds for a continuing relationship between them, Dunlop's insistence upon receiving royalties on the admittedly invalid '516 patent

caused Kelsey-Hayes to terminate its sub-license.

REASONS FOR DENYING THE WRIT

1. The Record Fully Supports The District Court's Findings And Conclusions As To The Goodyear Evidence

The District Court found that the Goodyear evidence was prior art and invalidated Dunlop's '516 patent under each of 35 U.S.C. Sections 102 (a), (b) and (g). While paragraphs (a) and (b) are more frequently cited by courts in applying Section 102, it is difficult to imagine a factual situation to which paragraph (g) would be more clearly applicable than the present case. Third party prior inventorship is a classic example of anticipatory prior art and one recognized by this Court long before the enactment of the Patent Act of 1952. Coffin v. Ogden, 85 U.S. (18 Wall) 120. The Hawley PD-1009-F brake is substantially identical to the '516 patent brake. Hawley invented this brake prior to Dunlop, constructed his brake, installed it on a car, licensed his design to Goodyear and went to work for Goodyear to help them exploit it. Numerous cars equipped with brakes of this design were driven by a large number of Goodyear employees, demonstrated to numerous prospective customers and tested extensively. The brake was even used on

Akron taxi cabs. Additional brakes based on this design were made and sold by Goodyear for non-passenger car applications. Yet Dunlop would suggest that Hawley abandoned his invention. What more could Hawley have done to pursue his invention? Of course, he might have filed a patent application on it but this Court has specifically held such action to be unnecessary to establish anticipatory third party prior inventorship. Corona Cord Tire Co. v. Dovan Chemical Corp., 276 U.S. 358.

The Hawley PD-1009-F brake was found by the District Court to be substantially identical to the '516 patent brake (Finding No. 8, p. 25a of the Petition). Dunlop has failed to cite any case in which a substantially identical prior product was disqualified as prior art merely because of occasional operating problems. The case of McKenzie v. Cummings, 24 App. D.C. 137 (1904), cited by Dunlop, is distinguishable. That case involved a patent interference in which the losing party's design apparently malfunctioned as a result of some fundamental defect in his design rather than mere crudity in the execution of the design. It was only by changing to a "new and different design" that successful performance was achieved and this occurred at a date subsequent to the winning party's invention. The court made it clear that if the designs had been the same, the result would have been different.

The Goodyear PD-1018-1, PD-457 and PD-1055-2 brakes were all sold and were thus "on sale" within the meaning of 35 U.S.C. 102(b). Despite such sales, Dunlop would contend that the products must have been successfully tested. This Court has specifically rejected a "successful testing" requirement for prior art sales. Hall v. MacNeale, 107 U.S. 90 (1883). Furthermore, the PD-457 brake is the only one of these three brakes which was not thoroughly and successfully tested and the only problem encountered with the PD-457 brake was the failure of a bolt. This certainly does not evidence a fundamental defect in the design and the use of a stronger bolt is clearly an obvious expedient.

Whatever minor problems may have been experienced with the various Goodyear brakes, it is clear that such problems did not disqualify the Goodyear brakes as prior art under existing case law. This Court has held that prior art devices need not operate with perfection in order to anticipate, and not even as well as the patented device. Smith and Griggs Manufacturing Co. v. Sprague, 123 U.S. 249. The Sixth Circuit followed this precedent in the present case and the holding of the Sixth Circuit in this regard is in clear harmony with the law of other circuits. Zephyr American Corporation v. Bates Mfg. Co., 128 F.2d 380, 385 (3rd Cir.); Sutter Products Co. v. Pettibone

Mulliken Corp., 428 F.2d 639, 646-647 (7th Cir.); Toch v. Zibell Damp Resisting Paint Co., 231 Fed 711 (2nd Cir.); National Biscuit Co. v. Crown Baking Co., 105 F.2d 422 (1st Cir.).

It is clear that the PD-1055-2 brake as well as the PD-1009-F brake were "in public use and on sale" under 35 U.S.C. 102(b) as heretofore interpreted. In its previous decisions in Monroe Auto Equipment Co. v. Heckethorn Manufacturing & Supply Co., 332 F.2d 406 and A. J. Industries, Inc. v. The Dayton Steel Foundry Co., 394 F.2d 357, the Sixth Circuit held that the sale of a single vehicle incorporating the patented device constituted anticipation. The Seventh Circuit has held that the use of a single vehicle incorporating the patented device on the public roads constitutes a public use. Randolph v. Allis-Chalmers Manufacturing Co., 264 F.2d 533. The fact that a brake may have been removed from service after one and one-half years or after some other period of use certainly does not negate the use. This Court has held that removal of a prior art device from service after three months did not obviate the use of the prior device as anticipatory prior art. Brush v. Condit, 132 U.S. 39.

What, if anything, did Dunlop contribute to the design of disc brakes that was lacking in the Goodyear brakes? If the '516

patent disclosed and claimed some disc brake design feature that made the Dunlop brake superior to the prior art Goodyear brakes, then Dunlop certainly would and should have brought such fact to light at the trial. Dunlop can only point to the fact that it pursued the sale of its brakes for passenger car use whereas Goodyear terminated its passenger car brake program, concentrating instead on non-automotive applications for its brakes. The thrust of Dunlop's argument is really summarized in the statement made on page 10 of the Petition that the Goodyear brakes "made no impact whatever on the automotive braking industry". What Dunlop is really saying is that it achieved greater commercial success than Goodyear in the passenger car disc brake field and, therefore, its patent should not be invalidated by the earlier work of Goodyear which curtailed its automotive disc brake program. This Court has already answered such an argument in Corona Cord Tire Co. v. Dovan Chemical Corp., supra. In discussing a prior use in that case this Court said "It is a mistake to assume that reduction to use must necessarily be a commercial use....it is not an abandoned experiment because he confines his use of the rubber thus produced to his laboratory or to his lecture room." Similarly, it does not constitute abandonment of the Hawley invention or the prior Goodyear sales and uses merely because Goodyear decided to confine its future sales of disc brakes to

non-automotive applications. The fact that the Goodyear activity was not published or did not provide a general education to others in the automotive industry at the time it was carried on does not detract from its value of prior art. Magnetics, Inc. v. Arnold Engineering Co., 438 F.2d 72.

The Petition repeatedly refers to the Goodyear brakes as being only "75-85% developed". This comes from a 1953 letter (App. 109) to Ford Motor Company in which a Goodyear employee said that their automotive disc brakes were 75 to 85% "developed" at the time Goodyear's passenger car disc brake program was curtailed. Quite obviously, the author of that statement was referring to the brakes being developed to the point where they were ready for release on a mass production basis to a customer such as Ford. This type of development involves many considerations beyond the basic operability of the brake. It involves the elimination of noise, weight reduction, cost minimization, the selection of brake lining materials, the refinement of production machinery and so forth. Obviously, such considerations have nothing to do with the basic operability of the brake.

2. The National Traffic And Motor Vehicle Safety Act Does Not Modify 35 U.S.C. Section 102

Dunlop's assertion that judicial interpretation of 35 U.S.C. 102 should be modified by the National Traffic and Motor Vehicle Safety Act is utterly without merit. This is particularly true as regards the possible application of such a theory to the present case. The '516 patent in suit issued in 1957. The valid issuance of this patent depended upon the law in 1957. Does Dunlop seriously contend that a patent which was invalid when issued in 1957 was rendered valid by the enactment of a motor vehicle safety act in 1966? Dunlop seeks the ex post facto validation of an invalid patent by an Act which contains no reference whatever to the statutes relating to the issuance and validity of patents. Furthermore, the record is devoid of any testimony on this Act or the regulations promulgated under it. Dunlop is asking this Court to weigh facts relating to the safety regulations of its Exhibit E without the benefit of any testimony at all on the subject. Dunlop's reliance on the National Traffic and Motor Vehicle Safety Act is obviously a post trial afterthought. It is not the function of this Court to weigh facts as a matter of first impression and Dunlop's request that it do so should be denied.

The purpose of the National Traffic and

Motor Vehicle Safety Act, as stated in 15 U.S.C. 1381, "is to reduce traffic accidents and deaths and injuries to persons resulting from traffic accidents." The act does provide for governmental funding of vehicle safety research and guarantees to the public the free use of any patents resulting from such governmentally funded research. Inasmuch as the Act refers to patents and provides for a free license under certain types of patents, it may be assumed that the Act would have explicitly dealt with the validity of patents relating to vehicle safety products if there had been any legislative intent to modify the law on this subject.

Dunlop's suggestion that a brake should not be considered to have been "reduced to practice" until subjected to exhaustive governmentally prescribed testing fails to recognize the basic difference between the inventive act and the perfection of a product to insure its reliability. The patent laws have always recognized this distinction. It is the basic difference between invention and the routine engineering work of a man of ordinary skill in the art. Reduction to practice only requires the construction of an operative embodiment of the invention. To impose upon an inventor the added burden of exhaustive testing as suggested by Dunlop would make reduction to practice beyond the financial resources of virtually any independent inventor and many companies. No

useful purpose could possibly be served by such a change in the heretofore universally recognized standard of "reduction to practice" which is required to complete the inventive act. Only the inventive act must be "complete"; there is no requirement to complete all of the testing and other developmental work which a prudent manufacturer would normally perform before releasing a product for mass production.

3. Dunlop's Claimed Bias On The Part Of The Sixth Circuit Court Of Appeals Is Irrelevant And Unjustified

Dunlop contends that this Court should grant certiorari in view of the alleged bias of the Sixth Circuit Court of Appeals in favor of the "Big Four". Such an argument is not only an unjustified affront to the court below but is wholly irrelevant.

This is not a case involving one of the Big Four. It is a case between two companies who either are or have been automotive suppliers. A holding of invalidity of the '516 patent would not affect any of the Big Four. The Big Four have ceased virtually any use of fixed caliper disc brakes of the type alleged to infringe the '516 patent. The only significant remedy Dunlop might obtain is an award for past infringement--which would be borne by Kelsey-Hayes.

Dunlop has cited a total of eight patent cases involving the "Big Four" which extend over a twenty-two year period. In fact, there have not been any such cases in the last six years. It is submitted that this few number of cases hardly establishes a pattern. Furthermore, to suggest that the three members of the Court of Appeals panel which heard the present case (none of whom even comes from a heavily "automotive" city) are part of a concerted bias in favor of the Big Four extending over a twenty-two year period is patently absurd. The courts below have exhibited more than appropriate consideration to Dunlop by denying Kelsey-Hayes' request for attorneys fees under circumstances in which attorneys fees were clearly appropriate. The validity of Dunlop's '516 patent was decided on the merits. It should not be reconsidered on the basis of Dunlop's spurious call for a "balancing the books".

CONCLUSION

The record is clear that the brake claimed in Dunlop's '516 patent was previously invented by Jesse Hawley who did not abandon, suppress or conceal it. The patent is, therefore, invalid under 35 U.S.C. 102(g). Brakes of this type were also previously used and placed on sale by Goodyear and were known and used by Goodyear employees and customers. The patent is, therefore, also

invalid under 35 U.S.C. 102(a) and (b). Dunlop's call for a reversal of one hundred years of clear legal precedent on the acts necessary to establish prior use or sale or prior invention is totally without justification. The Petition raises no substantive questions of law or fact and should be denied.

Respectfully submitted,

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